

# FISCAL NOTE

## SB 2332 - HB 2267

February 4, 2000

**SUMMARY OF BILL:** Provides that custodial and food service workers of educational institutions can receive unemployment insurance benefits for the periods between two academic terms provided such period does not exceed three months.

### ESTIMATED FISCAL IMPACT:

**Increase Local Govt. Expenditures - \$51,168,000 FY00/01**  
**\$27,923,000 FY01/02 and subsequent years**

### Other Fiscal Impact:

**Increase Expenditures - Unemployment Compensation Trust Fund**  
**\$68,224,000 Recurring**

**Increase Revenues - Unemployment Compensation Trust Fund**  
**\$51,168,000 FY00/01**  
**\$27,923,000 and subsequent years**

Estimate assumes:

- Approximately 41,000 nonprofessional employees would be eligible to receive benefits.
- most local school systems are reimbursing employers and would not be able to convert to rate paying prior to impact of the bill.
- 100% of local government entities would elect to become rate-paying employers as opposed to reimbursing employers in the second year. The unemployment tax rate for governmental employers is capped at 1.5%.
- an increase in premiums paid by local school systems.

The Department of Employment Security has stated some provisions of this bill would be out of conformity with federal statute and could jeopardize the 5.4% FUTA tax credit received by Tennessee employers.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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